

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 EA-06 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 /063 R

DRAFTED BY EX/IM; W.CASSEY

APPROVED BY EB/IFD/ODF:JWINDER

EX/IM W.SAUER

TREA. S.CANNER

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P R 252222Z JUL 75

FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS PRIORITY

AMEMBASSY TOKYO

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BONN

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMCONSUL AMSTERDAM

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY MADRID

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E.O. 11652:

TAGS: EFIN, BR

SUBJECT: REQUEST FOR CONSULTATIONS ON OFFICIAL EXPORT
SUPPORT FOR BRAZILIAN STEEL EXPANSION

PLEASE PASS FOLLOWING MESSAGE TO APPROPRIATE OFFICIALS.

QTE

EXIMBANK PROPOSES TO OFFER DIRECT CREDIT IN AMOUNT OF 45

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OF U.S. COSTS AT 8 INTEREST RATE AND GUARANTEE OF PRIVATE

FINANCING ON 30 OF U.S. COSTS FOR 1 GUARANTEE FEE. THE
45 DIRECT CREDIT WOULD HAVE MATURITIES EXTENDING TO 12
YEARS AFTER A 3 YEAR GRACE PERIOD. THE PRIVATE FINANCING
GUARANTEED BY US WOULD BE PAYABLE IN THE FIRST SIX OF THE
12 YEAR PERIOD. WE ESTIMATE THAT FINANCING PLAN WOULD
HAVE APPROXIMATE BLENDED INTEREST RATE OF 8.5.

WE UNDERSTAND THAT JAPAN, FRANCE AND ENGLAND ARE OFFERING
3 YEAR GRACE PERIOD AND 10 YEAR AMORTIZATION AT BLENDED
INTEREST RATE OF 8 WITH FINANCING FOR 85 OF FOREIGN
EXCHANGE COSTS OF ITEMS PROCURED IN THOSE COUNTRIES AND
THAT GERMANY IS OFFERING THE SAME TERMS WITH HIGHER
INTEREST RATE. WE UNDERSTAND THAT AUSTRIA HAS OFFERED 12
YEAR TERMS FOR 90 FOREIGN EXCHANGE COSTS AND THAT FINLAND,
SPAIN AND ROMANIA HAVE OFFERED THE 12 YEAR AMORTIZATION
PERIOD WITH LINES OF CREDIT AGGREGATING \$600 MILLION. WE
ALSO UNDERSTAND THAT SOME COUNTRIES ARE PREPARED TO PROVIDE
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LOCAL COST FINANCING WHICH WILL RESULT IN 100 FINANCING
OF FOREIGN EXCHANGE COSTS.

IN THE SPIRIT OF THE PROPOSED GENTLEMEN'S AGREEMENT WE
WOULD LIKE TO OFFER YOU AN OPPORTUNITY FOR CONSULTATION
ON THE TERMS WE PROPOSE. UNQTE.

IDENTICAL MESSAGE SENT JULY 23 BY EXIM TELEX DIRECT TO
EXPORT CREDIT AGENCIES ALL ADDRESSEES EXCEPT USEC BRUSSELS
NO SUBSTANTIVE REPLY RECEIVED TO DATE FROM MITI (JAPAN)
OR COFACE (FRANCE). ECGD (UK) HAS REPLIED. OTHERS NOT
CONSIDERED CRITICAL. WE UNDERSTAND EC COMMISSION WISHES
UNDERTAKE INITIATIVE TO EXPEDITE RESPONSE TO OTHER COMMUN-
ITY MEMBERS. WE STILL HOPING FOR RESPONSE FROM MITI
AS WELL. EXIM DECISION IMMINENT, AND WILL BE MADE
WITHOUT BENEFIT INPUT MITI AND COFACE UNLESS THOSE AGENCIES
REPLY IMMEDIATELY.

ACTION ADDRESSEES REQUESTED PASS THIS MESSAGE APPROPRIATE
OFFICIALS ASAP, STRESSING NEED EXPEDITE ANY PLANNED
REPLY. KISSINGER
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Message Attributes

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Capture Date: 01 JAN 1994
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Decaption Date: 01 JAN 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
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Margaret P. Grafeld
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EO Systematic Review
06 JUL 2006

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Subject: REQUEST FOR CONSULTATIONS ON OFFICIAL EXPORT SUPPORT FOR BRAZILIAN STEEL EXPANSION
TAGS: EFIN, BR, US, XMB
To: EC BRUSSELS TOKYO
Type: TE
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